

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 IO-13 ISO-00 AGRE-00 COME-00 OMB-01

TRSE-00 CIAE-00 INR-07 NSAE-00 L-03 ITC-01 /041 W

-----180652Z 118732 /17

R 180602Z APR 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8497

INFO USMISSION GENEVA

AMEMBASSY TOKYO

C O N F I D E N T I A L MANILA 5681

GENEVA FOR ISA DELEGATION

E.O. 11652: GDS

TAGS: EAGR, RP

SUBJECT: SUGAR: GREAT WESTERN-GOP NEGOTIATIONS

REF: MANILA 5517 (NOTAL)

1. GREAT WESTERN SUGAR COMPANY REPS ARRIVED AS SCHEDULED ON APRIL 13 TO DISCUSS RENEGOTIATION OF PARTICIIPATING CONTRACT AND LEFT MANILA AS PLANNED, SATURDAY, APRIL 16. GW GROUP WAS ALSO INTERESTED IN ARRANGING PAYMENT OF \$600,000 ARREARS OWED COMPANY BY GOP AND ORGANIZING CONTRACT SO THAT DELIVERY AND PAYMENT ARE AS REGULAR AND AUTOMATIC AS POSSIBLE.

2. NEGOTIATING SESSION WAS SCHEDULED APPROXIMATELY ONE MONTH AGO. NEVERTHELESS, ONLY CONTACT GW GROUP WAS ABLE TO MAKE WITH GOP WAS INDIRECTLY THROUGH ATTORNEY BERT SABIDO, WHO IS CURRENTLY FILLING ROLE OF INFORMAL INTERMEDIARY BETWEEN MARCOS AND GW. PANFILO DOMINGO, PRESIDENT OF PHILIPPINE NATIONAL BANK (PNB) WAS OUT OF TOWN UNTIL SATURDAY AFTERNOON AND NO ONE ELSE IN SUGAR ESTABLISHMENT COULD OR WOULD SITI DOWN AT THE TABLE. AS A RESULT, GW MADE NO PROGRESS AT ALL IN
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RESOLVING CURRENT OPERATIONAL PROBLEMS IN PARTICIPATING CONTRACT OR IN RENEGOTIATING CONTRACT AS MARCOS HAS REQUESTED.

3. COMMENT: GW EXPERIENCE ONCE AGAIN ILLUSTRATES DIFFICULTIES OF DEALING WITH GOP CONCERNING SUGAR. EMBASSY CAN ONLY SPECULATE THAT THIS IS DUE TO PRESIDENT MARCOS' INTENTION OF PERSONALLY CONTROLLING, INDIRECTLY BUT TOTALLY, ALL

DECISIONS RELATING TO SUGAR, AND TO THE ABSENCE OF ANY TRUSTED AND EXPERIENCED LIEUTENANT TO WHOM HE CAN COMMIT OPERATIONAL DECISIONS. IN ADDITION, MARCOS IS, OF COURSE, VERY PREOCCUPIED AT THE MOMENT WITH MINDANAO.

4. GW CONTRACT WILL PROBABLY REMAIN "IN FORCE" FOR THE TIME BEING, BUT IT IS DOUBTFUL THAT GW WILL BE WILLING TO OPEN L/C'S FOR ADDITIONAL SHIPMENTS OF SUGAR UNTIL GOP PAYS \$600,000 OWED THE COMPANY. NEXT STEP WILL BE UP TO GOP, AND WILL PROBABLY DEPEND ON OUTCOME OF ISA TALKS AS WELL AS PRESIDENT MARCOS' PERCEPTIONS REGARDING ALTERNATIVE OUTLETS FOR PHILIPPINE SUGAR, WORLD PRICES, AND U.S. SUGAR POLICY FOLLOWING THE RECENT ITC DECISION. LOCAL TRADE SOURCES CLAIM MARCOS INTENDS TO ASK JAPANESE FOR COMMITMENT TO BUY 500,000 METRIC TONS OF PHILIPPINE SUGAR PER YEAR. WHILE EMBASSY JUDGES SUCH A COMMITMENT ON PART OF JAPANESE UNLIKELY, THIS SORT OF BEHIND THE SCENES MANEUVERING BY MARCOS WILL DOUBTLESSLY CONTINUE TO EXERCISE AN UNCERTAIN INFLUENCE ON PHILIPPINE DECISIONS REGARDING SUGAR.
SULLIVAN

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